

Message Text

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17/44

ACTION AID-59

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R 250958Z SEP 74

FM AMEMBASSY SAIGON

TO SECSTATE WASHDC 9004

INFO AMEMBASSY PHNOM PENH

AMEMBASSY BANGKOK

AMEMBASSY VIENTIANE

AMCONSUL DANANG

AMCONSUL NHA TRANG

AMCONSUL BIEN HOA

AMCONSUL CANTHO

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C O R R E C T E D C O P Y T E X T

PASS FAS/AMS/USDA

E.O. 11652: N/A DECON. 31/DEC/74

TAGS: ECRP, VS

SUBJECT: RICE SITREP FOR AUGUST 1974 CERP 4012

REF: A) STATE 179534; B) SAIGON 9465; C) SAIGON 11324

1. SUMMARY: FOLLOWING THE RECOMMENDATION OF THE USDA GRAIN SPECIALIST, A SPECIAL PROGRAM TO FUMIGATE ALL PL-480 RICE STOCKS IN CENTRAL VIETNAM IS UNDERWAY. SHIPMENT OF THE LOAN OF 40,000MT OF PL-480 RICE TO CAMBODIA HAS BEGUN. THE RATE OF DELTA DELIVERIES CONTINUES TO DECLINE. APPARENT CONSUMPTION REMAINS LOW, POSSIBLY AS THE RESULT OF A SUBYTWNIAL INCREASE IN LOCAL RICE AVAILABILITY IN THE DEFICIT AREAS FROM THE REPORTED EXCELLENT 1973-1974 CROP. NFA SALES AT LOW PRICES AND EARLY CROP TN RICE
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HAVE CAUSED A SOFTENING OF BOTH PADDY AND RICE PRICES. END OF

SUMMARY.

2. END AUGUST SAIGON AND CENTRAL VIETNAM STOCKS (1,000 MT)

SAIGON IMPORTED	97.9
SAIGON DOMESTIC	24.6
SAIGON PRIVATE	12.3
DEFICIT PROVINCE	128.5
	263.3

3. AUGUST APPARENT CONSUMPTION (1,000 MT)
BEGINNING STOCKS

28592T

DELTA DELIVERIES (ADJUSTED)	30.0
IMPORTS	5.0 (THOMAS LYNCH,AUG.2)
TOTAL AVAILABLE	320.2
MINUS END AUGUST SOCKS	263.3
AUGUST APPARENT CONSUMPTION	56.9

4. USDA GRAIN SPECIALIST KENNETH BOURGEOIS (REF A) INSPECTED RICE STOCKS THROUGHOUT CENTRAL VIETNAM BETWEEN AUGUST 25 AND SEPTEMBER 3. SAMPLES TAKEN WERE POUCHED SEPTEMBER 4. BASED ON HIS FINDINGS, A SPECIAL PROGRAM TO FUMIGATE ALL PL-480 RICE STORED IN CENTRAL VIETNAM IS NOW IN PROGRESS. USAID LOGISTIC PERSONNEL HAVE DETERMINED THAT ADEQUATE SUPPLIES FOR THE PROGRAM ARE AVAILABLE IN-COUNTRY AND ARE HELPING THE CENTRAL LOGISTICS AGENCY AND THE NATIONAL FOOD ADMINISTRATION.

5. THE FIRST SHIPMENT OF THE NEW 40,000 MT PL-480 RICE LOAN TO CAMBODIA BEGAN SEPTEMBER 18. SHIPMENT OF THE LOAN IS EXPECTED TO BE COMPLETED BY OCTOBER 31.

6. REPORTED DELTA DELIVERIES FOR AUGUST WERE ONLY 19,062 MT. FOR REASONS OUTLINED IN REFS B AND C WE HAVE ADJUSTED THE FIGURE UPWARD AGAIN THIS MONTH TO 30,000 MT. EVEN WITH THIS UPWARD ADJUSTMENT, THE RATE OF DELIVERY CONTINUES TO DECLINE.

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7. THE CONTINUED SLOWDOWN IS PROBABLY DUE PRIMARILY TO TWO FACTORS, THE RELATIVELY LOW NFA RICE PURCHASE PRICE AND OFA SALES TO THE

PUBLIC. THE GVN IS NOW REVIEWING NFA BUYING AND SELLING PRICES. DELTA IS ALSO REPORTED MOVING TO UPPER DELTA PROVINCES ADVERSELY AFFECTED BY THE RECENT MINI-DROUGHT AND MAY HAVE LOWERED DELIVERIES TO SAIGON.

8. EVEN ALLOWING FOR THE ADJUSTED DELTA DELIVERY FIGURES, APPARENT CONSUMPTION FIGURES SINCE MAY HAVE BEEN LOW THAN EXPECTED. AT FIRST WE THOUGHT THIS WAS AN AVERAGING OUT FROM THE

HIGH 73,300 MT MONTHLY AVERAGE FIGURE RECORDED FROM NOVEMBER 1973 THROUGH APRIL, 1974. BUT IT HAS GONE ON FOR FOUR MONTHS NOW SO THAT OTHER FACTORS MAY BE AT WORK. ONE SUCH FACTOR COULD BE MUCH INCREASED AVAILABILITY AND USE OF LOCAL RICE PRODUCED IN THE DEFICIT AREAS. SUCH AN INCREASE WOULD BE CONSISTENT WITH 1973-1974 PRODUCTION DATA. THE CONSEQUENT REDUCED DEPENDENCE ON US AND DELTA RICE IN SAIGON AND IN CENTRAL VIETNAM WOULD SHOW UP AS LESSENER "APPARENT CONSUMPTION" FOR THOSE AREAS, WITH THE METHOD WE USE TO ESTIMATE IT.

9. PRICES

A. DELTA PADDY AT THE MILL (WEIGHTED AVERAGE PER 100 KILOS)

	JAN 1	JUN 1	JUL 1	AUG 1	AUG 15	SEP 1
HIGH QUALITY	10,042	11,723	12,604	14,442	13,739	14,224
MEDIUM QUALITY	9,209	11,240	12,153	13,322	12,975	13,134

B. SAIGON WHOLESALE RICE PRICES (100 KILOS)

	JAN 1	JUL 8	AUG 19	SEP 2	SEP 23
NANG HUONG	23,800	22,800	23,800	24,000	23,500
SOC NAU	15,300	18,800	20,100	20,100	19,600
NO.1, 25PERCENT	14,700	18,100	19,100	19,000	18,600
MIRACLE RICE	14,200	17,700	18,800	18,200	17,800

C. SAIGON RETAIL RICE PRICES (100 KILOS)

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	JAN 1	JUL 8	AUG 19	SEP 2	SEP 23
NANG HUONG	24,800	24,800	26,000	25,500	24,800
SOC NAU	17,300	20,000	21,000	21,000	20,500
NO. 1, 25PERCENT	16,500	18,800	19,800	19,600	19,400
U.S. MEDIUM	16,200	18,800	19,600	19,600	19,500
U.S. LONG	17,200	19,800	20,500	20,500	20,500

10. PADDY AND RICE PRICES HAVE BOTH SOFTENED IN THE LAST MONTH. THEY MAY REFLECT INCREASED SUPPLIES OF THE EARLY TN VARIETIES. THIS RICE IS NORMALLY PRICED LOWER BECAUSE ITS HIGH MOISTURE CONTENT. SALES FROM NFA STOCKS HAVE ALSO PUT PRESSURE ON PRICES. MORE THAN 40,000 MT OF NFA RICE (30,000 MT IN CENTRAL VIETNAM AND 10,000 MT IN SAIGON) HAS BEEN PLACED ON THE MARKET DURING THE LAST THREE

MONTHS. MERCHAOTS BOTH IN SAIGON AND CENTRAL VIETNAM MAY ALSO
BE SELLING OFF STOCKS AT LITTLE OR NO PROFIT IN ORDER TO MAINTAIN
CREDIT RATINGS AND WORKING CAPITAL OR FROM FEAR THAT PRICES WILL
NOT RISE DURING THE BALANCE OF THE YEAR.
DECON FOLLOWING DECEMBER 31, 1975. LEHMMAN

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